

WHAT IS IT?


INSTRUMENT
PROPOSED BY THE EUROPEA COMMISSION TO CREATE A SUSTAINABLE, INCLUSIVE AND FAIR RECOVERY FOR MEMBER STATES AGAINST COVID-19



WHY IS IT ESSENTIAL?

SUPPORT STATES WITH INVESTMENTS AND REFORMS


ADDRESS EFFECTS OF CRISIS


INCENTIVIZE PRIVATE INVESTMENTS


HOW SHOULD MEMBER STATES IMPLEMENT RESOURCES?

**DIGITALIZATION
ENERGY
ENVIROMENT**


**ECONOMY
RULE OF LAW
TAXATION**


**LABOR MARKET
AND EMPLOYMENT**
 

An instrument proposed by the European Commission to create a

SUSTAINABLE

INCLUSIVE

EVEN

FAIR

recovery for Member States, in order to face challenges deriving from the Covid-19 pandemic



NEXT GENERATION EU



The resources will focus on three pillars:

Support to
Member States
with investments
and reforms

Kick-starting
the EU economy
by incentivising
private investments

Addressing
the lessons
of the crisis

NEXT GENERATION EU

*Where should
member States
implement
resources?*



1. Digitalization, energy, environment

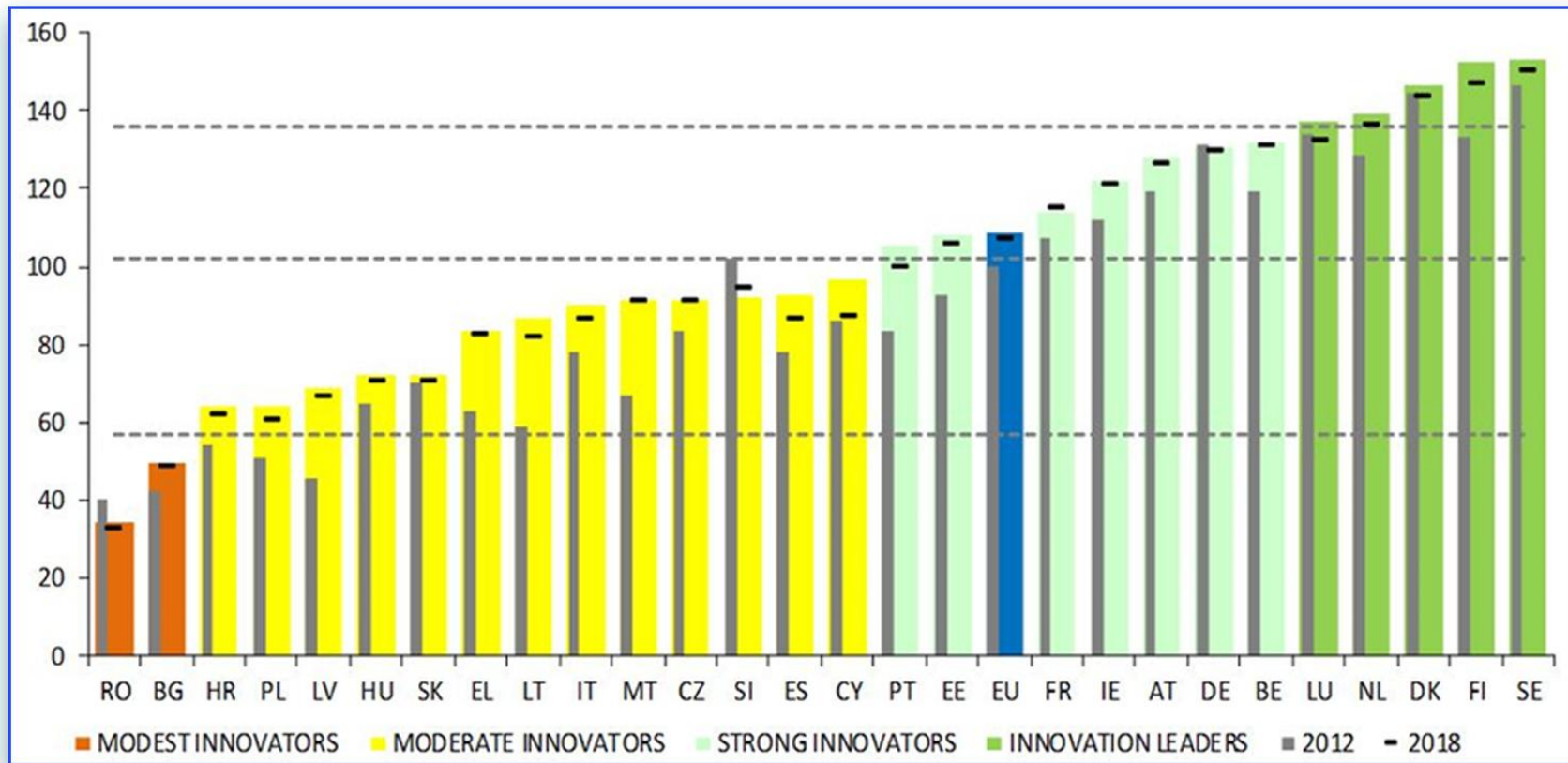


2. Economy, rule of law, taxation

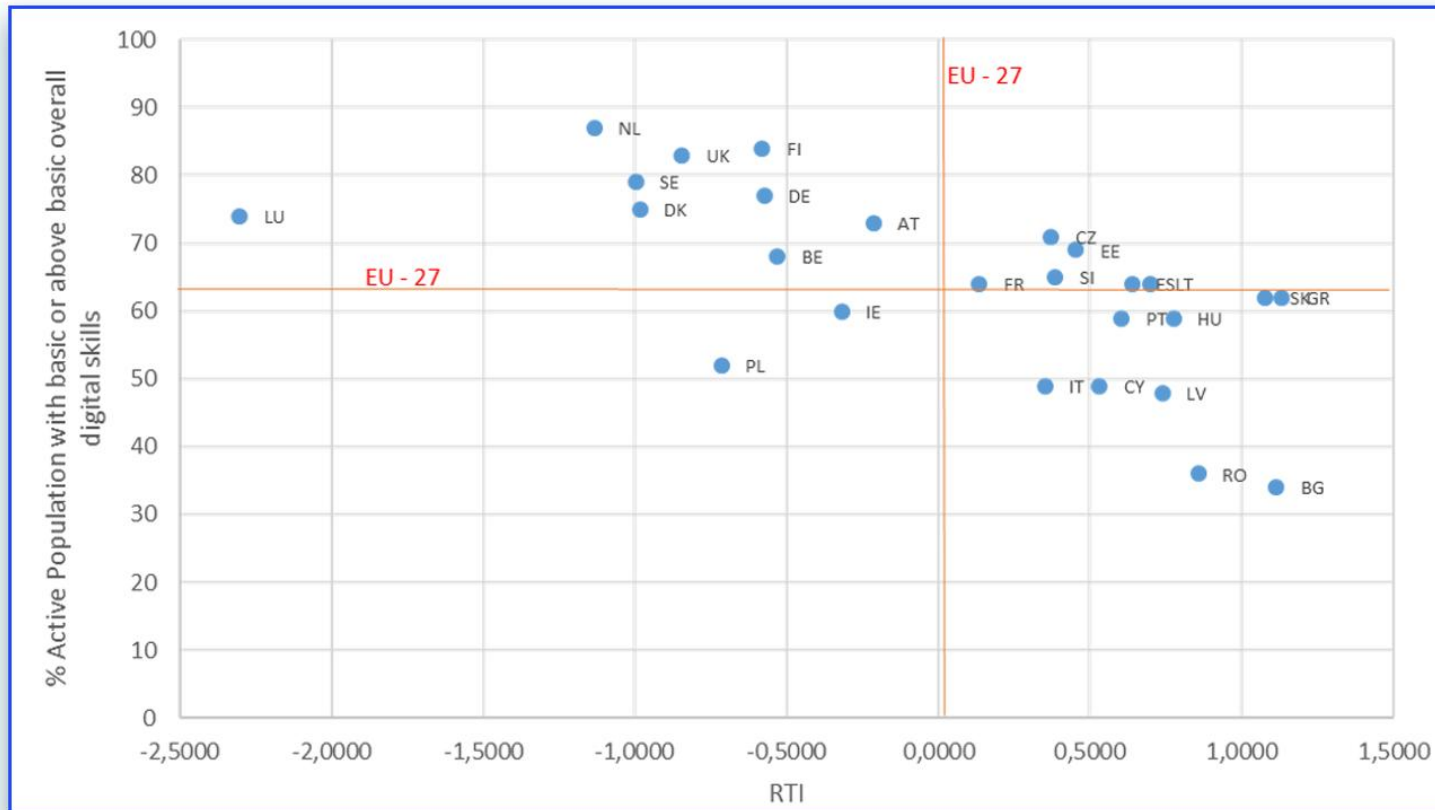
3. Labor market, employment



European Innovation Scoreboard 2020

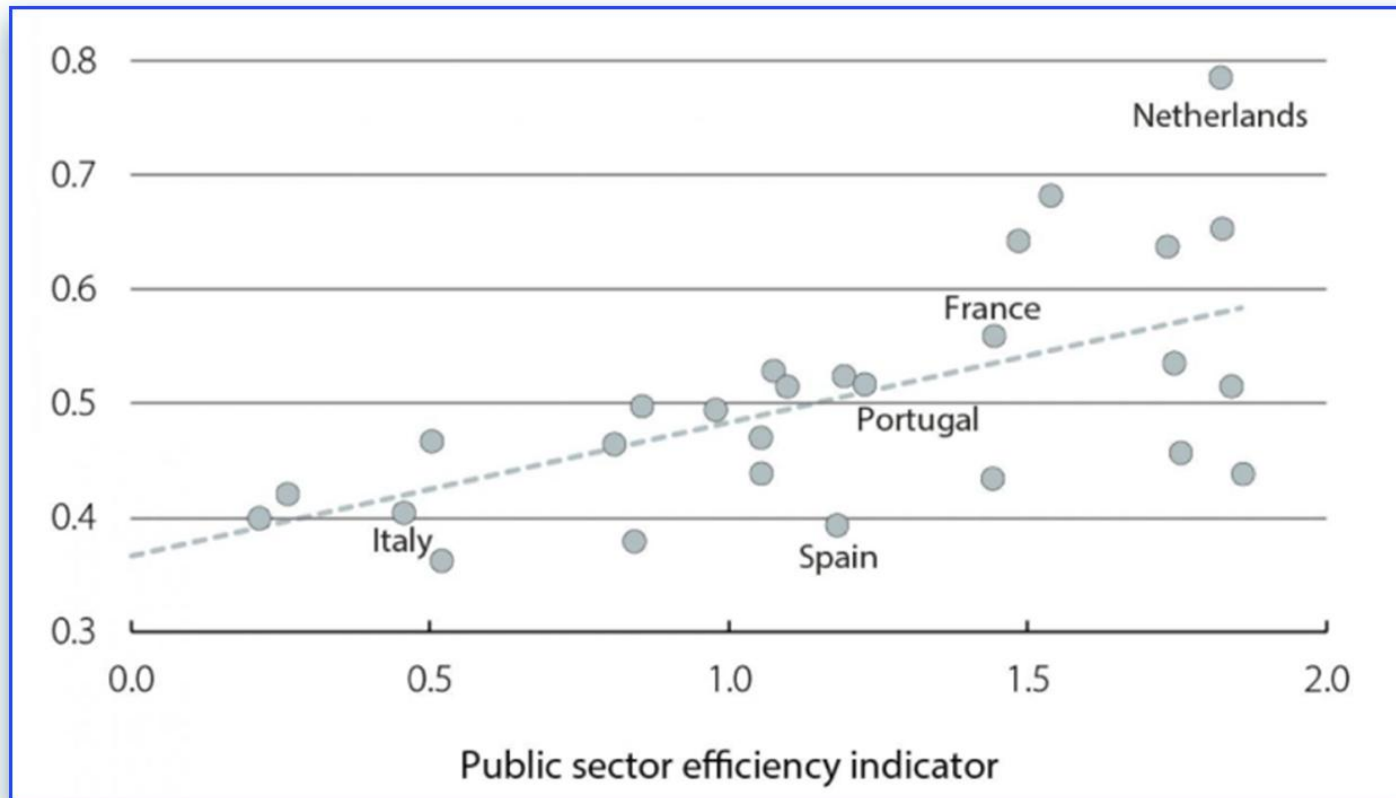


Routine Task Intensity vs Digital Skills in Active Populations (2019)



Source: RTI - own computations, based on Biagi and Sebastian (2020). The percentage of individuals with basic or above basic overall digital skills in the active labour force – EUROSTAT (table isoc_sk_dskd_j).

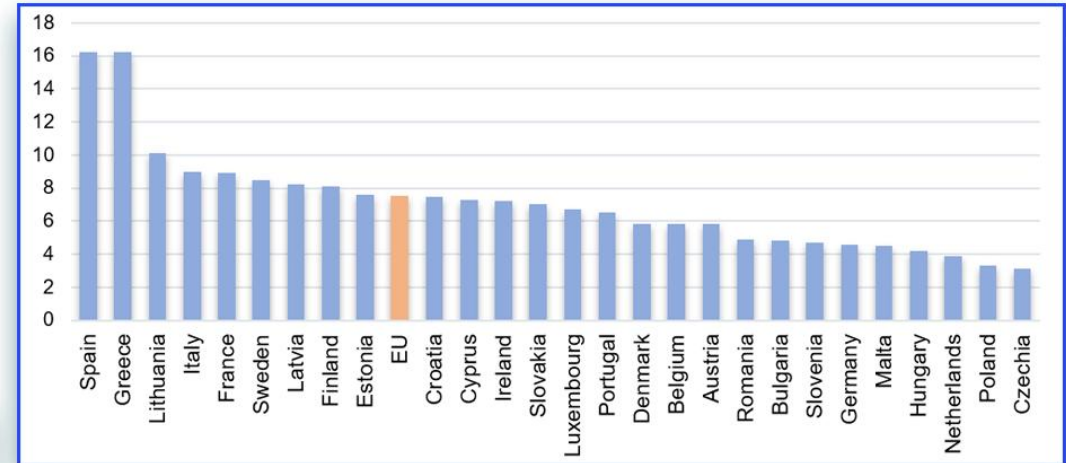
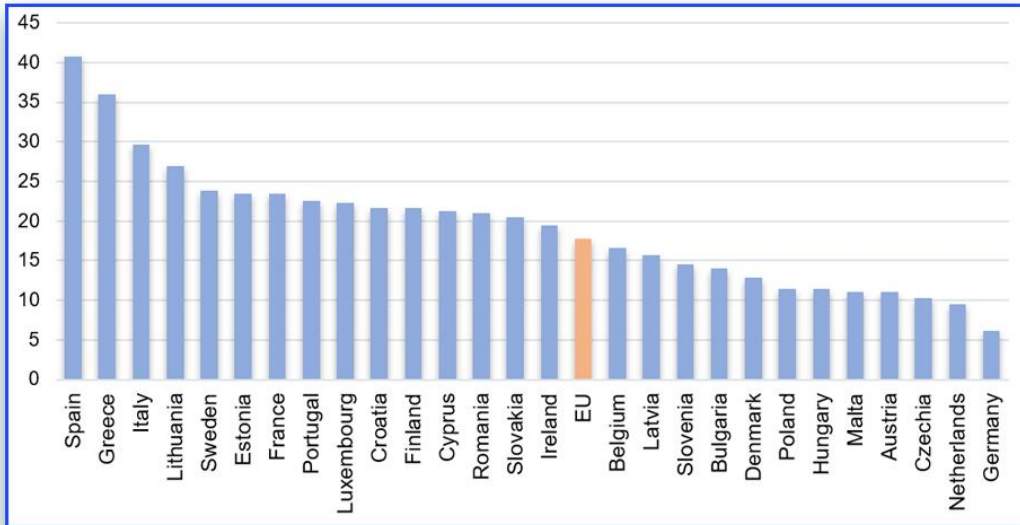
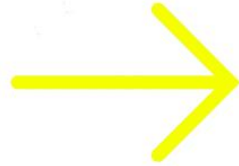
Spain public sector effectiveness and degree of project implementation in Europe (2014-2020 expenditure relative to the European structure funds assigned)



Source: CaixaBank Research, based on data from the IMF's Fiscal Monitor in October 2020

A GLANCE ON (UN)EMPLOYMENT RATE

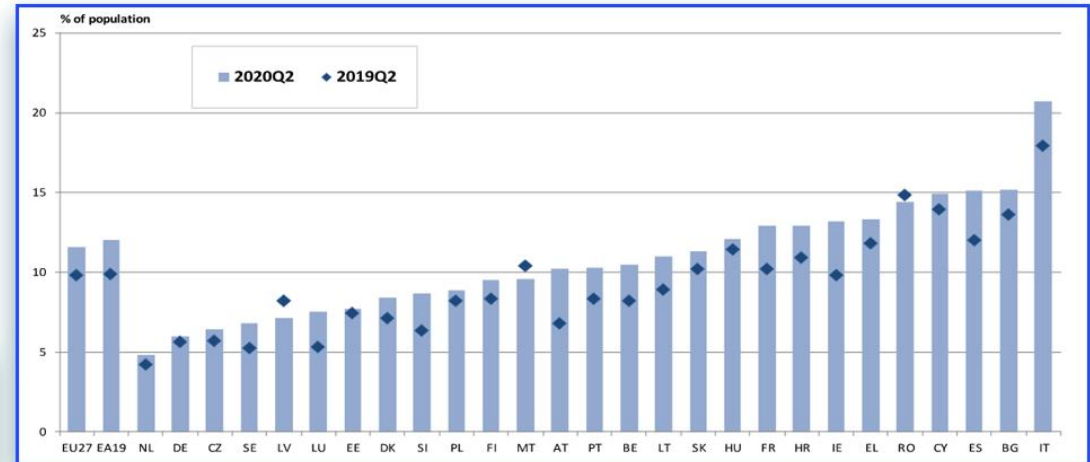
Unemployment rate (%) in the EU. Dec-20



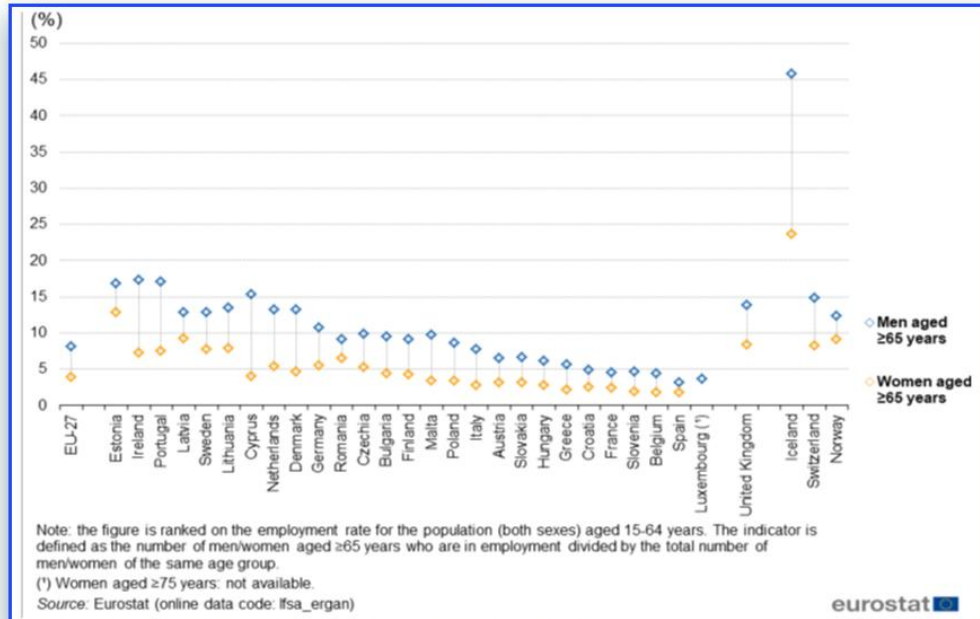
Youth unemployment rate (%) in the EU (the under 25s). Dec-20



Young people aged 15-24 neither in employment nor in education and training (NEET) in the EU



Source: Eurostat, LFS, seasonally adjusted data [lfsi_neet_q] Note: 2019Q4 data for DE



Note: the figure is ranked on the employment rate for the population (both sexes) aged 15-64 years. The indicator is defined as the number of men/women aged ≥65 years who are in employment divided by the total number of men/women of the same age group.

(*) Women aged ≥75 years: not available.

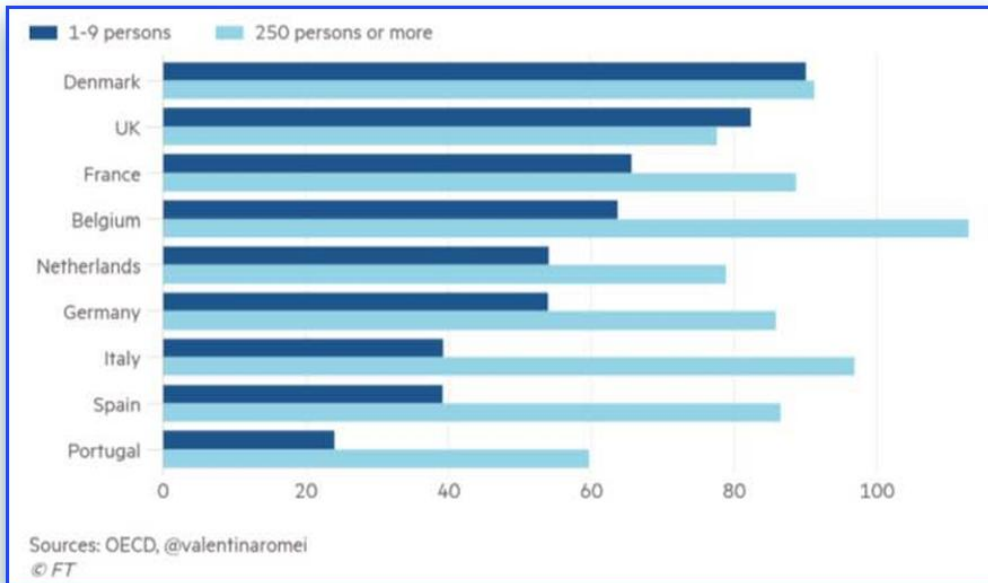
Source: Eurostat (online data code: lfsa_ergan)

Employment rates for the elderly (65 years and over) by gender in the EU (2019)

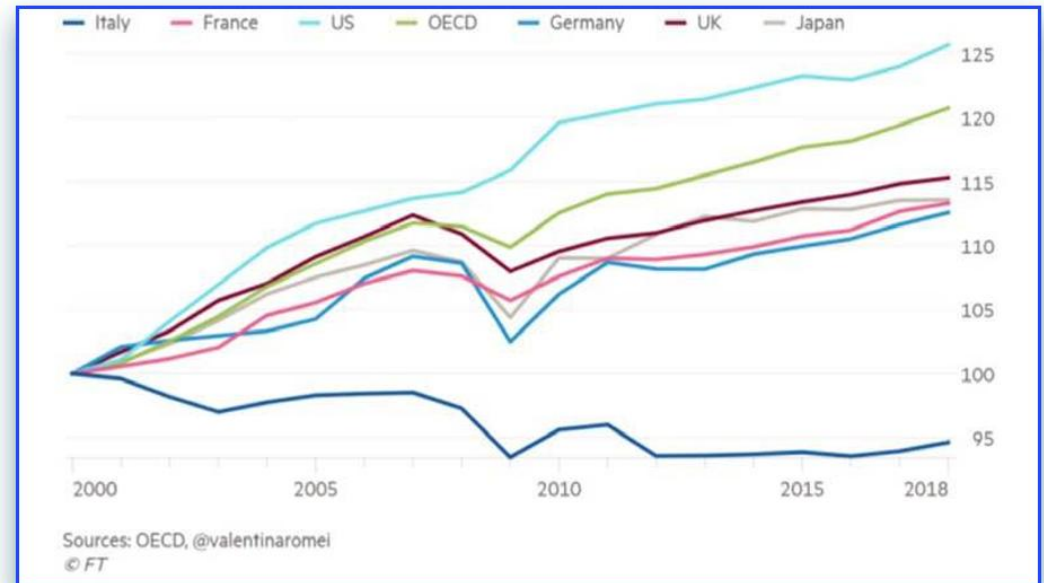


Let us also consider how different the situation is in terms of labor productivity in small and large firms

Labor productivity in small and large firms

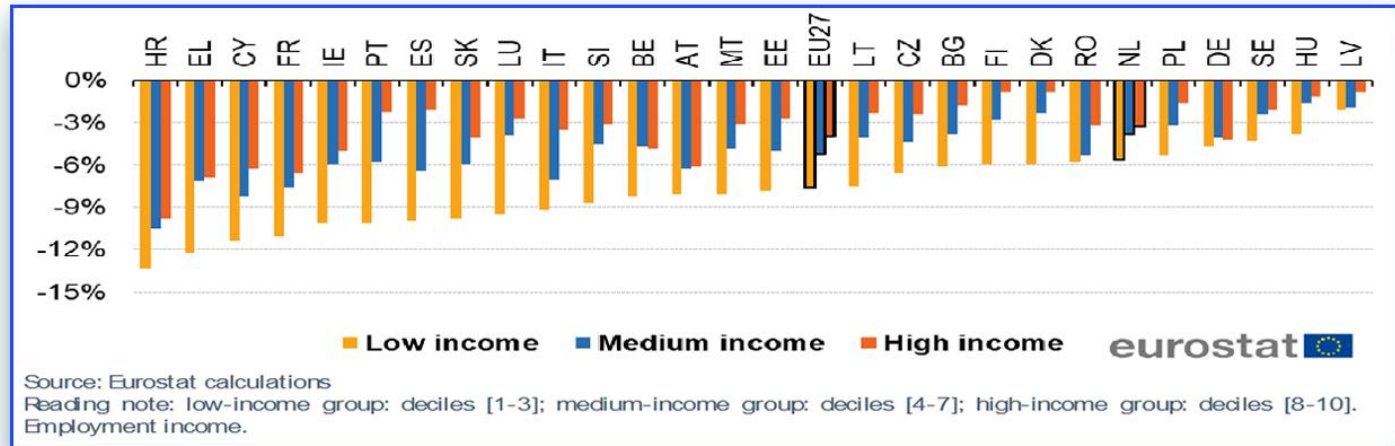


Labor productivity (real indices, base 2000 = 100)

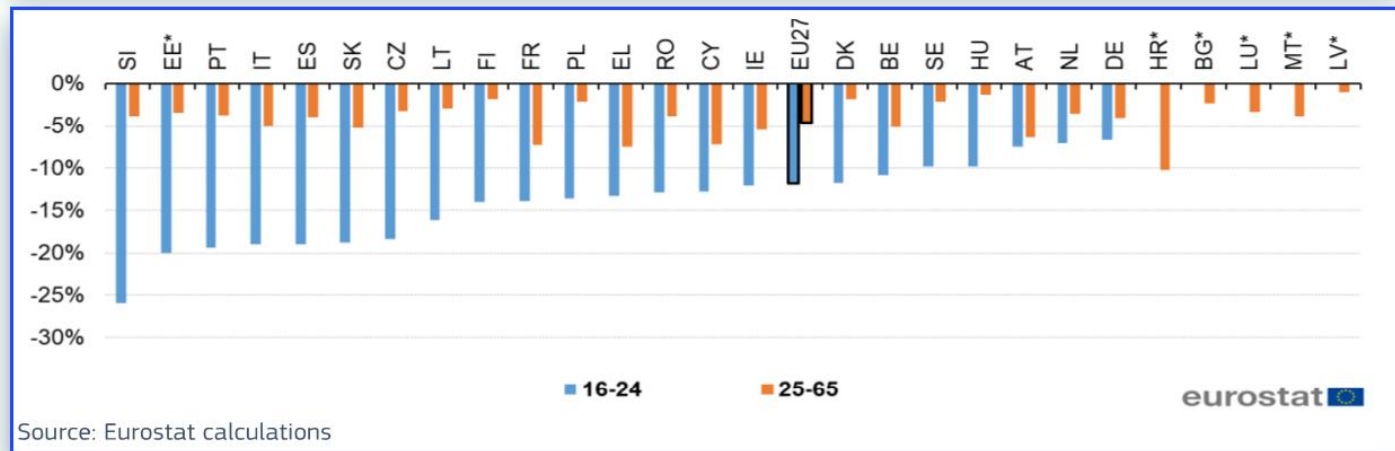
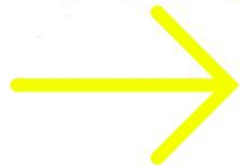


Such differences in the field of the labor market and employment generates highly diversified situations in terms of employment-income losses

*Employment-income losses
(% on 2019) by income group*



*Employment-income losses
(% over 2019) by age bracket*



Policy makers and public administrations should take into consideration these empirical results.



NGEU provides the resources to finance not only public but also private investments and its temporary feature requires responsibility of both national and local governments and entrepreneurship.



The EU does not have to be interpreted as a fund provider but as an integrated economy where the North-West and the South-East have to develop and strengthen their proposals of specialization and attractiveness in the spirit of a fair and healthy competition.